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PP RUEHAG RUEHAST RUEHBI RUEHCI RUEHDBU RUEHDF RUEHIK RUEHLH RUEHLN  
RUEHLZ RUEHNEH RUEHPW RUEHROV RUEHRS RUEHSL RUEHSR RUEHVK RUEHYG  
DE RUEHAH #1008/01 2221318  
ZNR UUUUU ZZH  
P 101318Z AUG 09  
FM AMEMBASSY ASHGABAT  
TO RUEHC/SECSTATE WASHDC 3270  
INFO RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY  
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY  
RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE  
RUCNCIS/CIS COLLECTIVE  
RUCNMEM/EU MEMBER STATES COLLECTIVE  
RUEHAK/AMEMBASSY ANKARA 5522  
RUEHBJ/AMEMBASSY BEIJING 3242  
RUEHKO/AMEMBASSY TOKYO 3107  
RUEHIT/AMCONSUL ISTANBUL 3765  
RUCNDT/USMISSION USUN NEW YORK 1079  
RHMCSUU/CDR USCENCOM MACDILL AFB FL  
RUEHVEN/USMISSION USOSCE 3784  
RUEAIIA/CIA WASHDC  
RHEFDIA/DIA WASHDC  
RHEHNSC/NSC WASHDC  
RUEKJCS/SECDEF WASHDC  
RUEKJCS/JOINT STAFF WASHDC

UNCLAS SECTION 01 OF 02 ASHGABAT 001008

SENSITIVE

SIPDIS

STATE FOR SCA/CEN; EB

E.O. 12958: N/A

TAGS: [ETRD](#) [ECON](#) [PGOV](#) [EINV](#) [TX](#)

SUBJECT: TURKMENISTAN: U.S. FIRMS DOMINATE COMMERCIAL AIR  
CONDITIONING MARKET

¶1. (U) Sensitive but unclassified. Not for public Internet.

¶2. (SBU) SUMMARY: U.S. companies have supplied almost all the commercial air conditioning systems (central air conditioning systems, not single-household units) for new, foreign-built government, commercial, and residential buildings in Turkmenistan during the past eight years. The products of two U.S. companies -- Johnson Controls and Carrier -- dominate the local market for these systems. In the case of Johnson Controls, it used its strong market position in Turkey to become the nearly exclusive provider of commercial air conditioning units ("chillers") to Turkish-built projects in Turkmenistan. As the years pass, the need for parts and service of its systems led Johnson Controls to open a local office. END SUMMARY.

¶3. (SBU) Central air-conditioning systems appeared in Turkmenistan in the mid-1990s, when the first Western-style hotels were built in Ashgabat. By the end of the decade, these systems spread to newly-built or renovated government buildings. The market for central air conditioning systems started booming in 2000-2001, when the Turkmen government launched mass construction of government and residential high-rises equipped with central air conditioning.

¶4. (SBU) Johnson Controls entered the market through Turkish construction companies who managed to win the lion's share of construction contracts thanks to late President Niyazov's preference for Turkish construction companies. Johnson Controls' Istanbul branch became the major supplier of York-branded central air conditioning systems to Turkish construction companies doing business in Turkmenistan. The air conditioning equipment was procured and delivered in Turkey and then shipped by the Turkish companies to their projects in Turkmenistan. According to a Johnson Controls representative, the

company currently enjoys the advantage of being the almost exclusive supplier of central air conditioning systems to Turkish construction companies operating in the country, controlling about 90% of the market. Since parts and service are becoming an important factor given the age of the earliest installed systems, Johnson Controls recently completed registration of its branch in Turkmenistan and is in the process of opening an office. The Ashgabat branch will provide spare parts and technical maintenance service to users and owners of the company's products.

15. (SBU) Carrier controls the remaining ten percent of the Turkmen market for central air conditioning systems, supplying the French Bouygues construction company. Bouygues typically wins contracts for the highest prestige government buildings and is the only non-Turkish foreign construction company operating in Turkmenistan.

16. (SBU) COMMENT: The U.S. companies supplying central air conditioning systems to construction projects in Turkmenistan are unlikely to face any serious competition in the near future, as their main customers (Turkish companies and Bouygues) still have very strong positions in the country. By establishing a permanent presence in Turkmenistan, Johnson Controls, besides providing spare parts and services, might start supplying equipment not only to Turkish companies' projects, but also to Turkmen customers directly. Local governmental organizations and state-owned and private sector enterprises could become customers. Moreover, the Turkmen Government has declared

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that it will facilitate and encourage the development of local construction companies and has already awarded a few contracts to them. If the government continues this policy and gradually increases the share of local companies in the construction market, Johnson Controls will be in a strong position to become a major supplier of central air conditioning systems for their projects as well. END COMMENT.

MILES